



Presentation to the  
Commission to Study Maine's Community Hospitals

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*Executive Vice President & Treasurer*

*July 6, 2004*



# MaineHealth

## Member Organizations

Maine Medical Center

Miles Health Care

St. Andrews Hospital

Western Maine Health Care

Spring Harbor Hospital & Counseling

NorDx

HomeHealth – Visiting Nurses of Southern Maine

Practice Partners

Maine Physician Hospital Organization



MaineHealth

Strategic Affiliates

MaineGeneral Health

Southern Maine Medical Center

Sisters of Charity Health System

Mid-Coast Health Services



## MaineHealth

### Joint Ventures & Partnerships

- MaineHealth - Synernet, Inc.
- MaineHealth - Occupational Health & Rehabilitation of Maine
- MaineHealth - Maine Molecular Imaging
- MaineHealth - Intellicare Maine
- Maine Medical Center - Maine Heart Center
- Maine Medical Center - New England Rehabilitation Hospital
- Maine Medical Center - Cancer Care Center of York County

# MaineHealth

## Governance

Board Of Corporators  
(558)

Board Of Trustees  
(15)

MMC  
Board  
of Trustees

Miles  
Board of Trustees

St. Andrews  
Board of Trustees

Western Maine  
Board of Trustees

Spring Harbor  
Board of Trustees

NorDx  
Board of Directors

HomeHealth  
Board of Trustees

Practice Partners  
Board of Directors

Maine PHO  
Board  
of Directors



# MaineHealth

## Board of Trustees

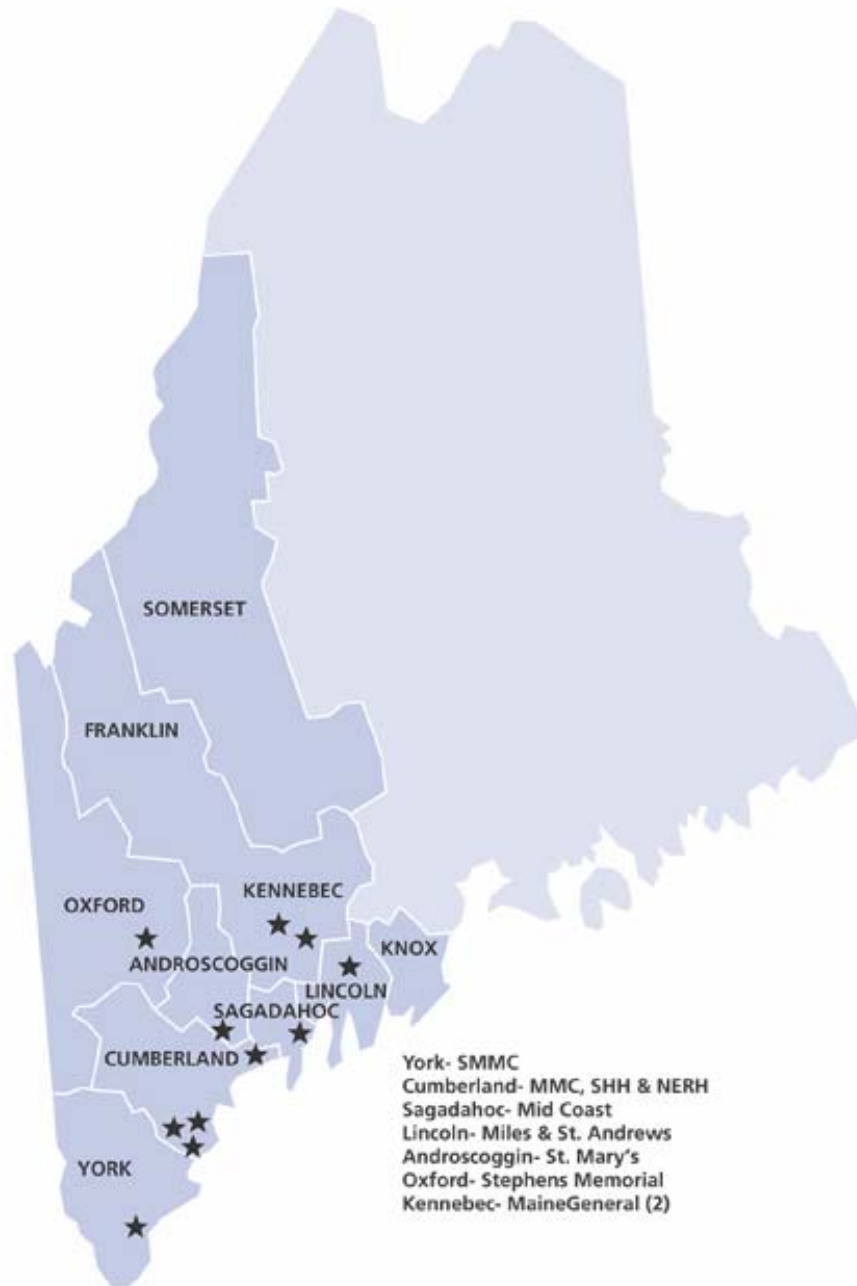
<u>Name</u>	<u>Occupation</u>	<u>Residence</u>
Hugh Farrington (Chair)	President, Hannaford Bros. ( <i>Retired</i> )	Falmouth
Richard Roy	Certified Public Accountant	Windham
Barbara Mitchell	Retired	South Bristol
William Medd, M.D.	Physician	Norway
Meg Baxter	President, United Way of Greater Portland	Cape Elizabeth
Robert Edwards	President, Bowdoin College ( <i>Retired</i> )	Edgecomb
Suzanne S. Austin	Executive Director, The Board Network	Kennebunk
Walter B. Goldfarb, M.D.	Physician	Portland
Richard H. Penley	President, Penley Corp.	Bethel
Peter L. Haynes	President, Consumers Water Company ( <i>Retired</i> )	Yarmouth
Louis A. Hanson, D.O.	Physician	Durham
Sara Burns	President, Central Maine Power Co.	Manchester
George S. Isaacson	Attorney	Brunswick
Scott D. Gardner	Attorney	Portland
Roger J. Pezzuti, M.D.	Physician	Cape Elizabeth
William L. Caron, Jr.	President, MaineHealth ( <i>Ex Officio</i> )	Cape Elizabeth



MaineHealth

Our Vision

“Working together to make our  
communities the healthiest in America”







## MaineHealth

### Hospital Services

	<u>Patient Days</u>	<u>Percent</u>
MaineHealth Members & Affiliates (10)	359,000	68.4%
Other Service Area Hospitals (11)*	<u>166,000</u>	<u>31.6%</u>
Total	525,000	100.0%

\* AMHI/Riverview data are not included



## MaineHealth

### Hospital Services

	<u>Patient Days</u>	<u>Percent</u>
MaineHealth Members & Affiliates (10)	359,000	49.2%
All Other Maine Hospitals (29)*	<u>372,000</u>	<u>50.8%</u>
Total	525,000	100.0%

\* AMHI/Riverview and BMHI data are not included



## MaineHealth

### Member Organizations' Financial Performance

(In thousands of dollars)

	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Budget</u>
Net Patient Service Revenue	\$641,242	\$676,947
Other Operating Revenue	<u>32,925</u>	<u>37,900</u>
Total Operating Revenue	\$674,167	\$714,847
Operating Expenses	<u>661,217</u>	<u>696,027</u>
Operating Margin	\$12,950	\$18,820
Non-Operating Income	<u>16,204</u>	<u>16,685</u>
Excess of Revenue over Expenses	\$29,154	\$35,505



# MaineHealth

## Corporate Budget – Revenue

Dues Assessments	\$2,703,000
Grant Support	4,058,000
Direct Bill Support	2,805,000
Program Income	102,000
Interest Income - Unrestricted	630,000
Interest Income – Board Designated	104,000
Joint Venture Income	745,000
Other Income	<u>963,000</u>
Total	\$12,110,000



## MaineHealth

### Corporate Budget – Program Expenses

System Development	\$4,024,000
Clinical Integration	1,752,000
Health Status Improvement	2,850,000
Community Education	625,000
Access to Care	585,000
Legal Services	792,000
Audit & Compliance Services	1,378,000
Osteopathic Heritage Fund	<u>104,000</u>
Total	\$12,110,000



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Key Strategies

Clinical Integration

Community Health Improvement

Administrative Integration

Clinical Services Strategic Plan

## Clinical Integration

### Goals

- Coordinated system
- Appropriate and effective clinical services
- Seamless continuum of care
- Care in most appropriate setting
- Multidisciplinary collaborative practice
- Improve community health status



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## Clinical Integration

### Participants

- All Member Organizations
- All Strategic Affiliates
- Other Hospitals and Health Care Organizations



## Clinical Integration Initiatives

- Chronic Disease Management Programs
  - Asthma
  - Diabetes
  - Heart Failure
  - Depression
- Acute MI/PCI Improvement Program
- Referral Communications Improvement Project
- Women's Health Program
- Pharmacy Work Group

Community Health Improvement  
Initiatives

- AH! Asthma Program
- Learning Resource Centers
- Center for Tobacco Independence
- Raising Readers Program



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## Administrative Integration

### Philosophy

“For each activity, move across the continuum from standardization to collaboration to consolidation as the business case for change dictates”



# MaineHealth

## Administrative Integration Initiatives

- Centralized Services
- Financing
- Information Systems
- Insurance Programs
- Purchasing
- Synernet, Inc.

## Administrative Integration Initiatives

- Centralized Services
  - Legal Services
  - Audit & Compliance Services
  - Planning & Project Development
  - Grant Writing
  - Contracting
- Financing
  - Obligated Group
  - Banking Services



# MaineHealth

## Administrative Integration Initiatives

- Information Systems
  - Meditech Contract & Data Center
  - Disaster Recovery Center
  - MaineHealth Link
  - Enterprise Master Patient Index
  - Regional Picture Archiving & Communication System (PACS)

Administrative Integration  
Initiatives

- Insurance Programs
  - Health & Dental Insurance Plans
  - Life Insurance Plans
  - Disability Insurance Plans
  - Workers Compensation Fund
  - General & Professional Liability Insurance Program
  - Property & Casualty Insurance Program



## MaineHealth

### Administrative Integration Initiatives

- Purchasing
- Synernet, Inc.
  - Telecommunications
  - Credentials Verification
  - Transcription Services





## MaineHealth

### System Strengths

- Shared Vision
- Responsiveness to needs of local communities
- Commitment to clinical excellence
- Physician leadership
- Collective financial strength
- Willingness to collaborate with like-minded organizations

## System Challenges

- Financial stresses on community hospitals, long term care facilities and all physician practices
- Limitations on System's ability to provide financial assistance to community physicians for improvement of their information systems
- Lack of congruence between public and private payment systems and the systemic changes espoused by almost all stakeholders

### Statewide and Regional Planning

#### Observations

- Statewide and regional planning efforts that bring all stakeholders together to chart a course to improve the health of Maine people should be strongly supported.
- To be most effective, regional planning efforts should build on established relationships between communities, health care organizations, and the professionals who provide medical care.
- We believe there are very few instances in which community hospitals are providing services that are unnecessary or of poor quality. Decisions to centralize services based on economic considerations should be made only after careful consideration of their impact on the populations served, the ability of the organizations affected to continue to provide essential services, and the likelihood that the expected savings will be realized.



## MaineHealth

### Statewide and Regional Planning

#### Observations

- We believe every Maine hospital is continually seeking ways to reduce its administrative expenses, either to help make ends meet or to free resources for other worthy purposes. While "administrative integration" efforts such as those described today should be encouraged, the key to making Maine healthier and keeping our health care system affordable will be our efforts to reduce the burden of illness through greatly expanded public health activities, improvements in the care of individuals with chronic diseases such as diabetes and heart failure, and helping those we serve assume greater responsibility for protecting their health.

### Statewide and Regional Planning

#### Observations

- Fundamental changes to large, complex systems rarely occur quickly or easily. Our experience tells us that anyone who would change hospitals' role in our health system would be well advised to choose at the outset strategies and tactics that hospitals can embrace, that can be implemented within a year or two, and that will produce tangible benefits for the public almost immediately. Doing so will help to create a solid foundation for the discussion and acceptance of more difficult steps that may need to follow.

### Statewide and Regional Planning

#### Observations

- Finally, our experience also tells us that those who advocate change have an obligation to help those involved see how that change can happen. If you conclude that there are new or different roles that hospitals must play in Maine's health care system, we hope that you also will identify the changes in public policy, financing, or expectations that will be required to make such changes possible.